



## Internal Revenue Service

Small Business/Self-Employed

# IRS Stakeholder Headliners ...and More

Volume 10

March 25, 2002

*This e-mail is being sent to you for distribution to your organization's members. If you need further assistance, please contact your local IRS Taxpayer Education and Communication (TEC) office. The number is available in IRS Publication 3698A "Small Business/Self-Employed Taxpayer Education and Communication at a Glance", at <http://www.irs.gov/pub/irs-pdf/p3698a.pdf>.*

### **----This Issue Contains Three Different Topics----**

*Publication 553 / Visa Credit Card Program / Top Paper Return Errors*

### **Highlights of 2001 Tax Changes – Publication 553**

The IRS puts out an annual publication highlighting tax law changes for that filing tax year and the next. [Publication 553](#) is divided into chapters, with sections on when the changes take effect. There are chapters covering individuals, businesses, IRA's and other retirement plans, estate and gift taxes, and foreign issues. Additional publications can be found at [www.irs.gov](http://www.irs.gov). Please note changes are currently being made to this publication due to the Job Creation and Worker Assistance Act of 2002.

### **Visa Joins IRS Credit Card Program!**

Visa has joined credit cards MasterCard, American Express and Discover in the IRS Credit Card Program. Taxpayers now have four major credit cards they can use to pay federal taxes. Additionally, IRS has expanded the program to include installment agreement payments for tax years 1998 and later, and extension-related payments for taxpayers who live outside the U.S. and Puerto Rico. Figures through mid March show credit card use is up 13 percent from last year. Click here to view the official IRS News Release, [News Release IR-2002-36](#).

To view different payment options view here, [e-payment Options](#).

**Top Errors for Paid Preparers on Paper Return Submissions**  
**March 8, 2002**

The top errors for paid preparers on paper return submissions this filing season include not claiming the rate reduction credit when it applies or claiming the credit incorrectly. Other top errors relate to Social Security Numbers or Individual Taxpayer Identification Numbers and figuring the Earned Income Credit or the Child Tax Credit.

Click on, [Top Errors for Paid Preparers](#), to view the errors accumulated through March 8 of this year

In addition, information cumulative through March 1, 2002 for tax return forms 1041, 1120 and 1120A has been attached.

**The Errors Themselves**

The two most common errors made on all three tax forms (when prepared by both taxpayers and paid preparers) had to do with the rate reduction credit. The credit is for those who did not receive the maximum benefit through last summer's Advance Payments, and whose 2001 income or tax amounts qualify them for an additional amount.

IRS Commissioner Charles O. Rossotti cautioned taxpayers about the new line on the form, *"This credit is the only new line on the basic tax forms. Taxpayers should read its instructions carefully so they get the proper benefits."*

This credit pertains to:

- Line 47 on the Form 1040,
- Line 30 on Form 1040A, and
- Line 7 on Form 1040EZ

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For additional information or assistance in reducing errors:

- Taxpayers and/or Practitioners can call IRS TeleTax at 1-800-829-4477 to obtain the amount of the credit that was received. For further information see IRS News Release [IR-2002-19](#) or view [Use Care With New Line on Tax Forms](#).
- 2002 Filing Season Statistics, including E-filing, refund certified, and direct deposit refunds, were published in IRS News Release [IR-2002-21](#).
- Daily Tax tips for 2002 Filing Season located on [www.irs.gov](#) using the direct link: [Tax Tips](#).
- Page 32 of Tax Hints also located at [www.irs.gov](#) or directly at: [Tax Hints](#).

Lists of the top errors are being maintained and updated continually. They can be found in the Tax Professional pages of [www.irs.gov](#) or by clicking on the following and scrolling down to: [Top Errors for Paid Preparers on Paper Return Submissions](#).

**Total Paid Preparer Errors 1041, 1120 and 1120A  
March 1, 2002**

<b>1041</b>		
	Error Description	Count
1.	The exemption amount shown was incorrect.	4,546
2.	The total income tax liability was calculated incorrectly.	239
3.	The alternative minimum tax was calculated incorrectly.	105
4.	The amount of tax due and/or the amount of the refund was calculated incorrectly.	16
5.	The amount of deduction allowable was calculated incorrectly.	13
<b>1120</b>		
	Error Description	Count
1.	Contributions deducted were more than allowable.	207
2.	The total income tax liability calculated was incorrect.	149
3.	The amount of tax due and/or the amount of refund due was calculated incorrectly.	89
4.	The IRS did not receive a reply to our request for additional information; therefore the tax liability was adjusted.	54
5.	The amount of deduction allowable was calculated incorrectly.	27
<b>1120A **</b>		
	Error Description	Count
1.	The total income tax liability calculated was incorrect.	11
2.	The amount of deductions allowable was calculated incorrectly.	10

\*\* No additional error information is available for the 1120A returns.

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